



MEDIA RELEASE

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DEPARTMENT OF COMMERCE AND INSURANCE

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The Department of Commerce and Insurance Securities Division Identifies Scams Likely to Burn Investors This Summer

Nashville, TN- - As summer advances, the Tennessee Securities Division warns that scammers are using every trick under the sun to separate unsuspecting investors from their hard-earned dollars.

Criminals watch and read the news and tend to follow the headlines in an effort to lend their schemes a cloak of legitimacy. Here are some examples of the type of schemes we are seeing:

- As the housing market continues to reel from the subprime lending crisis, schemes promising large returns from various types of real estate-related investments are increasing.
- The substantial increase in energy costs has made scams related to energy more prevalent. These scams promise the opportunity to invest in the development of new technologies to increase the efficiency of energy consumption.
- In a new twist in online investment fraud, unscrupulous individuals are trying to use social networking websites to lure people to meetings that may promote fraudulent or unsuitable investment products. Investors should not solely rely on 'expert' advice given at a seminar or meeting.
- It is best for investors to avoid investment pitches that would lead you to put all of your eggs in one basket, especially if it's a basket you don't fully understand. The sale of complex hybrid financial products, such as variable and equity-indexed annuities, to investors for whom they are not suitable- typically seniors. These products frequently contain features so complicated that even licensed financial professionals are not adequately trained to understand them.

The Securities Division warns that a number of familiar investment traps are likely to persist for the foreseeable future.

"The key to avoid getting burned by any investment is to make sure you understand the product being offered and thoroughly check both the salesperson and the product with your state securities regulator," said Tennessee Department of Commerce and Insurance Commissioner Leslie Newman. "Remember, if it sounds too good to be true, it usually is."

To learn more about these investor traps, please visit our website at www.state.tn.us/commerce/securities.com.

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